



REDACTED – FOR PUBLIC INSPECTION

**VIA ECFS**

June 27, 2017

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Room TW-A325  
Washington, DC 20554

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**RE: Millry Telephone Company, Inc., SAC 250304  
Submission of FCC Form 481 Annual Report  
WC Docket No. 14-58 – ETC Annual Reports and Certifications**

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Millry Telephone Company, Inc. (“the Company”), Study Area Code 250304, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company’s FCC Form 481 submitted via the FCC’s Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company’s financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Millry Telephone Company, Inc., by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.<sup>1</sup> The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

Millry Telephone Company, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

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T (972) 387-4300  
F (972) 960-2810

8750 N. Central Expressway  
Suite 300  
Dallas, TX 75231

Assurance, tax, and consulting offered through  
Moss Adams LLP. Wealth management offered through  
Moss Adams Wealth Advisors LLC. Investment banking  
offered through Moss Adams Capital LLC.

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<sup>1</sup> *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stuart Polikoff". The signature is fluid and cursive, with the first name "Stuart" and last name "Polikoff" clearly distinguishable.

Stuart Polikoff  
Authorized Representative for  
Millry Telephone Company, Inc.

SP/jr

cc: Annice H. Jordan, Millry Telephone Company, Inc.

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Annice H. Jordan
<035>	Contact Telephone Number: Number of the person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	annicehJordan@millry.net
	Form Type	54.313 and 54.422

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehjordan@millry.net

No

Page 2

**(300) Unfulfilled Service Request  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	250304
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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

2

250304a1330.pdf

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0 . 647
<450>	Complaints per 1000 customers for mobile broadband	

**(500) Compliance With Service Quality Standards and Consumer Protection Rules**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

**(600) Functionality in Emergency Situations  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	anniceh.jordan@millry.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	250304a1610.pdf



FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehjordan@millry.net

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	18.0

[illegible]

<010>	Study Area Code	250304
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<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
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-- See attached worksheet --

**(800) Operating Companies  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehjordan@millry.net
<810>	Reporting Carrier	Millry Telephone Company, Inc.
<811>	Holding Company	BB Holding Corporation
<812>	Operating Company	Millry Telephone Company, Inc.

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net

&lt;900&gt; Does the filing entity offer tribal land services? (Y/N) No

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 250304a11010.pdf

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Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 250304a11030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehordan@millry.net

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net

250304a11210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

<010>	Study Area Code	250304
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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehordan@millry.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information



**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}	250304a13010.pdf	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(iii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	250304a13026.pdf

<b>(3005) Rate Of Return Carrier Additional Documentation (Continued)</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehJordan@millry.net

**Financial Data Summary**

- (3027) Revenue
- (3028) Operating Expenses
- (3029) Net Income
- (3030) Telephone Plant In Service(TPIS)
- (3031) Total Assets
- (3032) Total Debt
- (3033) Total Equity
- (3034) Dividends



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**4005 Rural Broadband Experiment**

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

**Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)**

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

**Community Anchor Institutions – FCC 14-98 (paragraph 79)**

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

**If yes to 4003A, please provide a response for 4003B.**

**4003b.** Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

**Broadband Deployment Locations – FCC 14-98 (paragraph 80)**

**4004a.** Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

**4004b.** Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

**Certification - Reporting Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	250304
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams LLP</u>
Name of Reporting Carrier:	<u>MILLRY TEL CO</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/27/2017</u>
Printed name of Authorized Officer:	<u>Annice Jordan</u>
Title or position of Authorized Officer:	<u>Vice President</u>
Telephone number of Authorized Officer:	<u>2518462911 ext.3030</u>
Study Area Code of Reporting Carrier:	<u>250304</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>MILLRY TEL CO</u>
Name of Authorized Agent Firm:	<u>Moss Adams LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/27/2017</u>
Name of Authorized Agent Employee:	<u>Choua Her</u>
Title or position of Authorized Agent or Employee of Agent	<u>Consulting Senior</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>2099556141 ext.</u>
Study Area Code of Reporting Carrier:	<u>250304</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	<a href="mailto:annicehJordan@millry.net">annicehJordan@millry.net</a>

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	18.0

<703>

[illegible]



<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehordan@millry.net

[illegible]

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	250304
<015>	Study Area Name	MILLRY TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Annice H. Jordan
<035>	Contact Telephone Number - Number of person identified in data line <030>	2518462911 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	annicehjordan@millry.net
<810>	Reporting Carrier	Millry Telephone Company, Inc.
<811>	Holding Company	BB Holding Corporation
<812>	Operating Company	Millry Telephone Company, Inc.

[illegible]

### **LINE 330 – UNFULFILLED BROADBAND SERVICE REQUESTS**

Millry Telephone Company (“the Company”) had two unfulfilled requests for broadband service in 2016. The Company has been in the process for several years of installing fiber to areas within its study area that are unserved or underserved with broadband services. The two requesting customers were too far from available facilities to provide them with broadband at the time of the request. Subsequent to these customers’ requests in 2016, Millry has been consistently installing buried fiber cable and installing electronics in various areas, including Deer Park, which has provided access to broadband in early 2017 for one of these customers. The Company notified this customer that he now has access to broadband. The other customer is expected to have access to broadband in the area of Aquilla later in 2017 once the fiber and DSL equipment project is complete. Once this project is complete, this customer will be notified.

## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Millry Telephone Company (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange tariff, which is approved by the Alabama Public Service Commission (“Alabama PSC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the Alabama PSC. The Company consistently meets or exceeds those standards and provides reports to the Alabama PSC, in accordance with the Alabama PSC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Company to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Millry Telephone Company (“the Company”) is able to remain functional in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Back-up power is provided to the central office by use of a generator and batteries that provide it with 72 hours of emergency power. In addition, the Company’s field electronics have 10 hours of back-up power by use of generators and batteries, plus some with solar panel facilities. The Company’s remote offices and field gear have emergency stand- alone capabilities that allow for customers to continue receiving dial tone during any emergency outages.

The Company also has synchronous optical network (“SONET”), asynchronous transfer mode (“ATM”), dense wavelength division multiplexing (“DWDM”), and multiprotocol label switching (“MPLS”) technologies deployed in its network and is capable of rerouting traffic around damaged facilities should its facilities become damaged. The Company has developed internal emergency procedures to properly respond to emergency situations as they arise.

Lastly, the Company is prepared and capable of managing traffic spikes resulting from emergency situations and has connectivity to adjacent exchanges as well as the RBOC tandem.

## **LINE 1010 – VOICE SERVICES RATE COMPARABILITY**

The Wireline Competition Bureau’s 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge (“SLC”).<sup>1</sup>

In all of the exchanges served by Millry Telephone Company (“the Company”), as of January 1, 2017, the single-line residential local rate was \$18.00. When the federal SLC (\$6.50) is included, the total rate was \$24.50. Therefore, the Company’s pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY**

As of January 1, 2017, Millry Telephone Company charges a residential rate of \$52.95 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.98, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017). See also, <https://www.fcc.gov/general/reasonable-comparability-benchmark-calculator>.

## LINE 1210 – TERMS & CONDITIONS OF LIFELINE PLANS

Residential customers of Millry Telephone Company (“the Company”) who qualify for the Lifeline Program receive a monthly discount of \$9.25 on local voice telephony service or broadband Internet access service.

In all of the Company’s exchanges, the Lifeline single-line residential rate, including the federal subscriber line charge (“SLC”), is \$15.25 (\$24.50 standard rate - \$9.25 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

For calls outside of the local calling area, Lifeline customers may subscribe to long distance service offered by Millry Long Distance at non-discounted rates. Millry’s rates for long distance calls are either \$.15/minute with no monthly fee, or \$.10/minute with a \$4.95 monthly fee. Lifeline customers may also choose another long distance carrier. Lifeline customers may also elect to subscribe to toll blocking at no charge.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may apply their \$9.25 Lifeline discount to the Company’s family shared calling plans, to broadband Internet access service and to bundled service packages or packages containing optional calling features.

The Company provides additional information regarding the terms and conditions of Lifeline plans at <http://www.millry.net/Lifeline.htm> and <http://www.millry.net/Tariff12.02.2016.pdf>.



## **LINE 3010 – CERTIFICATION OF PUBLIC INTEREST OBLIGATIONS**

Millry Telephone Company (“the Company”) hereby certifies that the Company has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service were met within a reasonable amount of time.

**BB Holding Corporation  
and Subsidiaries**

**DECEMBER 31, 2016**

CONSOLIDATED FINANCIAL STATEMENTS

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

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## INDEPENDENT AUDITOR'S REPORT

The Officers and Board of Directors  
BB Holding Corporation and Subsidiaries  
Millry, Alabama

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BB Holding Corporation and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statement of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BB Holding Corporation and Subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 16 through 17 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Jackson Thornton & Co. PC*

Nashville, Tennessee  
March 21, 2017

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

CONSOLIDATED BALANCE SHEET  
AT DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents

Accounts receivable, less allowance of [REDACTED]

Materials and inventory

Prepaid expenses

Total current assets

PROPERTY AND EQUIPMENT, AT COST:

Telecommunications plant in service

Telecommunications plant under construction

Less: Accumulated depreciation

Total property and equipment

NONCURRENT ASSETS:

Investment - CoBank

Total assets

The accompanying notes are an integral part of these financial statements



LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt  
Accounts payable  
Due to related party - Millry Corporation  
Accrued taxes and other accrued liabilities  
Customer deposits  
Total current liabilities

NONCURRENT LIABILITIES

Long-term debt

Total liabilities

STOCKHOLDERS' EQUITY:

Common stock  
Additional paid-in capital  
Retained earnings  
Less: Treasury stock  
Total stockholder's equity

Total liabilities and stockholder's equity



BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES:

Wireline revenue  
Miscellaneous revenue  
Less: Uncollectible revenue  
Total operating revenues

OPERATING EXPENSES:

Plant specific operations  
Plant nonspecific operations  
Depreciation  
Customer operations  
Corporate operations  
Nonregulated expenses  
Operating taxes  
Total operating expenses

OPERATING INCOME

OTHER INCOME:

Interest income  
Total other income

NONOPERATING EXPENSES:

Interest expense  
Total nonoperating expense

NET INCOME

The accompanying notes are an integral part of these financial statements



REDACTED - FOR PUBLIC INSPECTION

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	TOTAL STOCKHOLDER'S EQUITY
BALANCE AT DECEMBER 31, 2015					
NET INCOME					
ISSUANCE OF STOCK					
9 TREASURY STOCK REPURCHASE					
BALANCE AT DECEMBER 31, 2016					

The accompanying notes are an integral part of these financial statements

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:

Net income  
Adjustments to reconcile net loss to net cash  
provided by operating activities:  
    Depreciation  
    Provision for bad debt  
    Decrease (increase) in operating assets and  
        increase (decrease) in operating liabilities:  
        Accounts receivable  
        Prepayments  
        Materials and supplies  
        Accounts payable  
        Accrued liabilities  
        Customer deposits  
Net cash from operating activities

CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:

Acquisition and construction of plant  
Proceeds from CoBank patronage certificates  
Net cash used for investing activities

CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:

Proceeds from long-term debt  
Issuance of common stock  
Treasury stock repurchase  
Net cash used for financing activities

NET DECREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS AT END OF YEAR

The accompanying notes are an integral part of these financial statements.

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of significant accounting policies of BB Holding Corporation and Subsidiaries (the Corporation).

Principles of consolidation - The consolidated financial statements include the accounts of the parent company, BB Holding Corporation and its wholly-owned subsidiaries: Millry Telephone Company, Inc. (and its wholly owned subsidiary Millry Telephone LD, LLC) and Millry Communications, Inc. All material intercompany transactions have been eliminated in consolidation.

Description of entity - The Corporation and its subsidiaries are providers of local and long-distance telephone service to individuals and businesses in Washington and Choctaw counties, Alabama. The Corporation also provides interconnect services to long-distance telephone companies and, as a member of the National Exchange Carriers Association (NECA), participates in a cost sharing pool with other telephone companies throughout the nation.

Accounting policies - The financial statements of the Corporation have been prepared in conformity with accounting principles general accepted in the United States of America (U.S. GAAP) applicable to rate-regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting principles prescribed by Federal Communications Commission (FCC) under part 32, Uniform System of Accounts for Telecommunications Companies.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentrations of credit risk - The Corporation grants credit to its customers, substantially all of whom are residents of the two counties. The Corporation also grants credit to the major long-distance telephone companies for access to its network.

Valuation of accounts receivable - Accounts receivable are recorded net of an allowance for expected losses. Credit is extended on a short-term basis; therefore, accounts receivable do not bear interest. The allowance is estimated from historical performance and projections of trends. Subscriber accounts unpaid by the 25<sup>th</sup> of the month following billing are considered delinquent, and telephone service is suspended. Receivables from exchange carriers are typically outstanding from 30 to 60 days before payment is received. Accounts from exchange carriers are considered delinquent after the bills have been outstanding for greater than 90 days. Delinquent accounts are charged to uncollectible expense when it is determined the account will not be collected.



BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Inventory - Inventory consists of fiber-optic cable, metallic cable, telephone equipment, and materials related to the telecommunications industry and are stated at the lower of cost or net realizable value, with cost being determined by the average-cost method.

Property, plant, and equipment - Property, plant, and equipment are stated at original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions to plant includes contracted work, direct labor, and materials. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

Property, plant, and equipment are depreciated using straight-line methods over their estimated useful lives. In accordance with composite group depreciation methodology, when a portion of the Corporation's depreciable property, plant, and equipment is retired in the ordinary course of business, the original cost is charged to accumulated depreciation.

Revenue recognition - Monthly service fees derived from local wireline services are billed one month in advance but recognized in the month that service is provided.

Usage sensitive revenues, such as access (revenues earned for originating/terminating long-distance calls) and long-distance, are generally billed as a per-minute charge. Revenues are billed in arrears and recognized in the month service is provided.

Interstate access revenues also include settlements based on the Corporation's participation in the revenue pools administered by NECA. Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year-end and, therefore, the related revenues are recorded on the books based on an estimate of the Corporation's costs and NECA pool earnings, and on other assumptions related to information utilized in the preparation of the Corporation's cost study. The studies are subject to a 24 month pool earnings adjustment period and a review of the study by NECA. There was an insignificant revenue impact for 2016 for adjustments related to prior year differences between the recorded estimates and actual revenues. Management does not anticipate that 2016 recorded revenues will require significant adjustments in future years.

The Corporation's wireline Universal Service Fund (USF) revenue is intended to compensate the Corporation for the high cost of provided rural telephone service. Federal USF revenue includes funds received for high cost loop support (HCLS), interstate common line support (ICLS), Connect America Fund (CAF), and other miscellaneous programs. HCLS and ICLS are based on the Corporation's current relative level of operating expenses and plant investment. Support from the CAF is based on historical frozen amounts related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues that together makeup the CAF. The CAG base will be reduced by 5% each year in the determination of CAF support.

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The Corporation's wireline state USF revenue is comprised of support from the State of Alabama that is intended to provide additional compensation for the Corporation providing high cost rural telephone service. Revenues received are based on the amount of federal USF revenues and monthly intrastate minutes.

Regulation - The Corporation's services are subject to rate regulation as follows:

- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Federal USF revenues are administered by the Universal Service Administrative Company (USAC) based on rules established by the FCC.
- Intrastate local, toll access, state USF revenues, and customer complaints are regulated by the Alabama Public Services Commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate terminating access rates.

Other sources of revenue are not rate regulated and include long-distance and customer premise equipment sales, directory, rents, and other incidental services.

All operating expenses and telecommunications plant are related primarily to wireline revenues. However, some of these costs are jointly related to regulated and nonregulated services. For interstate access settlement, USF, rate case and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure that regulated revenues are based on costs of providing regulated services.

Concentration of market risk - The Corporation receives a significant portion of its annual operating revenues from federal and state USF. For the year ended December 31, 2016, revenues from these sources represent approximately [REDACTED] of operating revenues.

Income taxes - The Corporation is designated as an S corporation under the Internal Revenue Code. The Corporation is treated as a division of Millry Corporation, its parent company, for federal and state income tax return purposes. Earnings and losses are included in the income tax returns of the stockholders and taxed at the stockholder level. Accordingly, the Corporation does not incur additional income tax obligation, and the financial statements do not include a provision for income taxes.

Taxes imposed by government authorities - The Corporation's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Corporation. These specific taxes are charged to and collected from the Corporation's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis excluded from revenues.



BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 2 - CASH:

The Corporation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Corporation had cash balances on deposit with two Alabama banks that exceeded the amount insured by the FDIC in the amount of approximately [REDACTED] at December 31, 2016. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT:

Telecommunications plant balances, together with accumulated depreciation, consists of the following at December 31, 2016:

	<u>DEPRECIABLE LIFE</u>	<u>PLANT ACCOUNT</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BALANCE</u>
General support facilities	5 - 35 years	[REDACTED]		
Central office equipment	10 - 12 years			
Customer premise equipment	12 - 50 years			
Cable and wire facilities	20 years			
Plant under construction	n/a			

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 4 - RELATED PARTY TRANSACTIONS:

The Corporation contracts with Millry Corporation for the provision of engineering services, management services, and accounting services. Millry Corporation billed the Corporation [REDACTED] during the year ended December 31, 2016 for these services. The Corporation had a payable to Millry Corporation in the amount of [REDACTED] at December 31, 2016.

NOTE 5 - 401K PLAN:

The Corporation has a defined contribution pension plan. All employees over 21 years of age who have at least one year of service with the Corporation are eligible to participate. The current discretionary Corporation contribution is [REDACTED] of qualified salary for all eligible participants. The Corporation's pension plan costs were [REDACTED] during the year ended December 31, 2016.

The Corporation also has a profit sharing plan. All employees over 21 years of age who have at least one year of service with the Corporation are eligible to participate. The current discretionary Corporation contribution is [REDACTED] of qualified salary for all eligible participants. The Corporation's profit sharing plan costs were [REDACTED] during the year ended December 31, 2016.

NOTE 6 - ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following at December 31:

Subscribers	[REDACTED]
Carriers	[REDACTED]
NECA	[REDACTED]
Alabama Service Fund	[REDACTED]
Other	[REDACTED]
Subtotal	[REDACTED]
Less: Allowance for doubtful accounts	[REDACTED]
Totals	[REDACTED]

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 7 - INVESTMENTS:

Investments consist of CoBank patronage certificates. An analysis of the Corporation's investment in CoBank for 2016 is as follows:

Beginning balance - CoBank patronage certificates  
2016 patronage refund  
2016 investment in CoBank  
  
Ending balance - CoBank patronage certificates



CoBank is a financing entity from which the Corporation has borrowed funds and is owned and controlled by its customers. The Corporation shared in the net income of CoBank in the years it had outstanding debt through the allocation of patronage. Patronage ownership is subject to general retirement practices. Total patronage refunds from CoBank for 2016 were [REDACTED]. The Corporation also borrowed funds from CoBank in 2016, resulting in an additional investment in CoBank during the year.

NOTE 8 - LONG-TERM DEBT:

DESCRIPTION

Mortgage notes - CoBank, National Bank for Cooperatives; secured by all present and future tangible and intangible personal property and all real property of the Corporation; interest rates vary and were from [REDACTED] to [REDACTED] at December 31, 2016; quarterly principal payments due through 2024.

Less: Current maturities

Total long-term debt





BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

Maturities on long-term debt for the next five years are as follows:

FOR THE YEARS ENDING:

2017  
2018  
2019  
2020  
2021



The CoBank loan agreements include certain restrictive covenants. These include certain financial ratios and capital expenditures restrictions.

NOTE 9 - OPERATING REVENUE:

Wireline and miscellaneous revenue consists of the following for the years ending December 31:

Wireline:

Customer  
Intercarrier:  
    Interstate  
    Intrastate  
Universal service support, federal  
Universal service support, state  
  
Total wireline revenues



Miscellaneous:

Directory  
Rent  
Maintenance and installation  
Other miscellaneous  
  
Total miscellaneous revenues

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - COMMITMENTS:

The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) that reforms the High Cost Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program:

- Provides support for stand-alone broadband;
- Requires broadband deployment based on the number of locations lacking service and the cost of providing service;
- Requires allowances for capital investments and limits on operational expenses; and
- Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to a Connect America Fund for rate of return carriers. The model based option, known as the Alternative Connect America Cost Model (A-CAM) is voluntary and is a fixed amount of support for ten years. The legacy mechanism reforms the existing Interstate Common Line Support mechanism to support stand-alone broadband and will now be known as the Connect America Fund Broadband Loop Support. The Corporation has elected the model based option (A-CAM).

The dollar amount the Corporation will receive in A-CAM support yearly beginning in 2017 is [REDACTED]. In exchange for receiving the A-CAM support revenue, the Corporation must meet certain buildout obligations over the next ten years to extend broadband service to a pre-determined number of eligible locations within its service area. Depending on the location within the Corporation's service area, broadband speed requirements range from 4/1 MBPS to 25/3 MBPS.

NOTE 11 - INCORPORATION

On September 14, 2016, BB Holding Corporation was incorporated in the state of Alabama. The Corporation issued [REDACTED] shares of common stock with a par value of [REDACTED]. These shares are all issued and outstanding as of December 31, 2016. The shares were issued to the Corporation's parent company, Millry Corporation, in exchange for all outstanding stock of Millry Telephone Company, Inc. and Millry Communications, Inc. The December 31, 2015 balances on the statement of changes in stockholder's equity include the balances of Millry Telephone Company, Inc. and Millry Communications, Inc.

NOTE 12 - SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through March 21, 2017, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2016 have been incorporated into these financial statements.

BB HOLDING CORPORATION AND SUBSIDIARIES  
MILLRY, ALABAMA

CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2016

ASSETS

	Millry Long-Distance	Millry Telephone Company, Inc.	Eliminating Entries	Millry Telephone Company, Inc. and Subsidiary	Millry Communications	BB Holding Corporation	Eliminating Entries	Consolidated Balances
CURRENT ASSETS:								
Cash and cash equivalents								
Accounts receivable, less allowance of [REDACTED] for 2016								
Due from related parties								
Materials and inventory								
Prepaid expenses								
Total current assets								
PROPERTY AND EQUIPMENT, AT COST:								
Telecommunications plant in service								
Telecommunications plant under construction								
Less: Accumulated depreciation								
Total property and equipment								
NONCURRENT ASSETS:								
Investment in affiliates								
Other								
Total noncurrent assets								
Total assets								
CURRENT LIABILITIES:								
Current portion of long-term debt								
Accounts payable								
Due to related parties								
Accrued taxes and other accrued liabilities								
Customer deposits								
Total current liabilities								
NONCURRENT LIABILITIES								
Long-term debt								
Total liabilities								
STOCKHOLDERS' EQUITY:								
Common stock								
Additional paid-in capital								
Retained earnings								
Total stockholders' equity								
Total liabilities and stockholders' equity								

# REDACTED - FOR PUBLIC INSPECTION

## BB HOLDING CORPORATION AND SUBSIDIARIES MILLRY, ALABAMA

### CONSOLIDATING STATEMENT OF INCOME DECEMBER 31, 2016

	Millry Long-Distance	Millry Telephone Company, Inc.	Eliminating Entries	Millry Telephone Company, Inc. and Subsidiary	Millry Communications	BB Holding Corporation	Eliminating Entries	Consolidated Balances
OPERATING REVENUES:								
Wireline revenue								
Miscellaneous revenue								
Less: Uncollectible revenue								
Total operating revenues								
OPERATING EXPENSES:								
Plant specific operations								
Plant nonspecific operations								
Depreciation								
Customer operations								
Corporate operations								
Nonregulated expenses								
Operating taxes								
Total operating expenses								
OPERATING INCOME								
OTHER INCOME:								
Interest income								
Income from affiliate								
Total other income								
NONOPERATING EXPENSES:								
Interest expense								
Total nonoperating expense								
NET INCOME								